
Strategic Planning

Budgets are developed based on varying planning approaches: *tactical* (more expedient to achieve shorter term goals) and *strategic* (more in depth analysis with a focus on the long term). Each approach has its advantages. Clark County has placed more emphasis in recent years on the strategic planning approach in order to address policy changes necessitated by the Washington Growth Management Act, ever shrinking or disappearing revenue sources, technology advances which universally impact the organization, and growing service demands due to an expanding population.

County Goals

The functions of county government are largely determined by State statute. Community priorities, as conveyed and advocated by the County's elected officials, shape how these services are delivered. The framework for delivery of these services has been identified by the Board of County Commissioners and other elected officials as:

Partnering with citizens to maintain and enhance:

- *Safe Communities*
- *Economic Stability*
- *Mutual Respect*

Department goals and current issues are included in the department specific sections.

Safe Communities

Neighborhood surveys over the past several years advocate for public safety above all other civic services, to ensure *safe communities*. The Sheriff's Office, Vancouver Police Department, and other local law enforcement agencies successfully negotiated and are enjoying an ambitious intergovernmental agreement to eliminate the duplication of services wherever possible. The Law and Justice Commission advisory board, with representatives from all jurisdictions, provides coordinated implementation recommendations and policy decisions. The interlocal agreement identifies which agencies are to deliver specialized and costly services such as the SWAT Team, gang task forces, and Canine Unit.

In the Spring of 2000, the Sheriff and three Fire Districts broke ground for a new, jointly used public safety building near the County Fairgrounds. Additionally, the Administrative Board for the countywide 911 system continues to successfully operate with an interlocal agreement that effectively restructured the governance and financing of that agency. The system includes every law enforcement agency and fire district in the county.

The 0.1% Criminal Justice Act sales tax increase, enacted in 1998, costs the citizens of Clark County a nominal ten cents for every hundred dollars spent, yet provides an additional two and a half million dollars annually for criminal justice services. These funds support staff in the Prosecutor's Office, District Court, Superior Court, Clerk's Office, the new Jail Work Center, and additional deputies. As a community grows the incidents of crime may also increase, as exemplified locally by the record number, 3,145, of felony cases prosecuted by the County Attorney in 2004.

Economic Stability

The goal of *economic stability* provides that decisions and policies set by Clark County support favorable economic conditions enjoyed by area residents and commercial interests. Further, an important objective includes ensuring that all citizens are given the opportunity to receive critically-needed services, regardless of economic status.

Governments play a major role in affecting the economic stability of a community due to the wide variety of practices and decisions implemented at the county and city levels.

Economic development in Clark County has become a primary concern due in large part to the recent slowdown in the economy, continued tax limitation measures approved by voters and the structure of the tax base in Clark County.

As one of many contributors, Clark County continues its partnership with other organizations to support the greater Columbia River Economic Development Council (CREDC). The CREDC, established in 1982, is a private, not-for-profit private/public organization that promotes existing business retention/expansion and the recruitment of new jobs to Clark County. Workforce development training programs are linked to the economic development strategies through CREDC. The CREDC is funded through private membership contributions and contracts for services with public entities, including Clark County.

Further, the Clark County Department of Community Services has collaborated with area communities to create a regional Human Services program. Cities and the County contribute matching funds, to leverage grant funding to augment limited funding to address the need for ever expanding services. Among other goals, this program represents long-term investment in children, and improving the lives of disadvantaged members of the community.

Mutual Respect

Mutual respect centers on the provision of services such as law enforcement, housing, environmental services, and others, in an atmosphere of respect for citizens and between local government agencies. Clark County values the pursuit of, and reinforcement of mutual respect through such projects as the regional Human Services Council, Child Abuse Intervention Center, and Drug Task Force. Interlocal agreements between the various agencies providing criminal justice, computer, and parks/recreation services have been maintained and/or expanded in the 2005/2006 budget.

Challenges in Achieving Goals

Revenues vs. Demands for Service

Annexation & Growth

Between 1980 and 2005, Clark County's total population increased 104%, or an additional 199,456 people to the current estimated population of 391,683. The growth plan adopted in 2004 has forecast a county population as high as 518,000 by 2023, a further 32% increase from today.

The ratio of residents in the incorporated municipalities in the county, compared to those in the unincorporated area has remained fairly constant at 50% for many years. However, the City of Vancouver has engaged in an aggressive annexation program, gaining statewide recognition for their well organized annexation planning. Consequently, the City of Vancouver is now the fourth largest urbanized area in the state. Should Vancouver follow their annexation plan they could expand their boundaries to become the 2nd largest city in Washington within ten years or less. The first priority of city annexation is to address those areas where city water and sewer services, in particular, are already being provided. Area cities cooperate with Clark County to plan for annexation, and to ensure a smooth transition in services in newly annexed areas. Over the past ten years, the City of Vancouver and Clark County have succeeded in clarifying service roles, eliminating duplication, combining certain services, transferring personnel and equipment, and identifying cost saving opportunities. The cooperative relationship between Vancouver and Clark County is unique throughout the state, and continued innovation is anticipated.

External Influences

Changes in legislation and court interpretations often have significant financial and service-delivery implications for County government. All too often, new legislation mandates an increase in service delivery, without identifying corresponding sources of revenue. Court actions and constitutional interpretations also influence service delivery and cost, such as requirements for jail operations or probation. Citizen initiatives to limit taxes, and the cost of changing technology, are additional examples of external influences. Recent legislation in Washington which has impacted local government includes:

- **Referendum 47** – Passed by Washington state voters in 1997; limits property tax levy increases to the rate of inflation (as measured by the National Implicit Price Deflator); repealed laws which allowed for stockpiling tax revenues. It is estimated the compounding affect of this Referendum reduces Clark County General Fund revenues by approximately \$8.5 million in both 2005 and 2006.
- **Initiative 695** – passed by Washington state voters in November 1999; repealed the state motor vehicle, travel trailer and camper excise tax; instituted a base annual registration fee of \$30. This will reduce Clark County General Fund revenues by approximately \$5.0 million in 2005 and 2006.
- **Initiative 747** – Passed by Washington state voters in 2001; to limit the increase in property tax growth to 1% per year plus new construction. This initiative compounds the already limiting Referendum 47. It is estimated this further reduces both 2005 and 2006 county revenues by another \$1.2 million.
- **Senate Bill 6211** – SB 6211 took effect in 1997. It allows the County to recoup cost for regional services for misdemeanor offenders. This includes the costs associated with District Court, Corrections, and Jail services.

Program Plans

County Organization and Services Plan

The Clark County Services Plan establishes priorities and assistance levels in the provision of *mandated, essential, discretionary, and support services*. The Plan anticipates and prepares for the changing roles and responsibilities of governments. As part of the planning process, the County organizes surveys, focus groups, workshops, meetings, information programs, and other appropriate forums to encourage and promote public participation. This input is used to evaluate programs and develop priorities for the County Services Plan.

Clark County actively reviews its organizational structures and service delivery systems to ensure they are as effective and efficient as possible. Based on a constant stream of public input, priority is given to maintaining and improving the organization's day-to-day delivery of these services.

Financial Plan

The Financial Plan describes Clark County's financial condition in the context of historical analyses, as well as current internal and external policies. These conditions are then analyzed to create a six-year forecast. This six-year forecast is used to create impact analyses for funding decisions proposed during the budget development process. By placing various proposals within the forecast, final decisions are made with a more complete financial understanding.

Capital Improvement Plan

The Capital Improvement Plan (CIP) is a six-year forecast and culmination of all county long-term plans. Capital projects in the CIP include land, structures, equipment, road improvements, information technology, and machinery. It also considers other factors, such as protecting capital investments, operational and other cost savings, potential of lost opportunities, flexibility in service delivery, total debt capacity, and financing strategies.

Government Liaison Program

Over time, the County has gained statewide stature in its ability to anticipate and influence governmental and legislative actions that affect our citizens. This is accomplished through active representation in Washington legislative forums and agencies, coordinating organizational and multi-jurisdictional committees, and participation in the legislative process. County staff interacts routinely with the Legislature and their staffs, testify on behalf of County interests, and coordinate initiatives and responses at state offices in Olympia.

The County also engages in collaborative partnerships with other local entities to produce programs of mutual interest. These programs address community needs such as protecting children, coordinating law enforcement, developing parks, funding low-income housing, sharing information technology services, and maximizing state funding for capital projects.

Capital and Operational Requirements

Juvenile Justice Center

The expansion of the Juvenile Justice Center has been a priority for the County, as juvenile justice and detention needs continue to increase. A \$10 million bond sale funded the facility, using existing Real Estate Excise Tax (REET) resources. The expanded center was completed in December 2000.

Jail Industries Work Center

In 1996, a General Obligation bond for \$5 million was issued to fund the adult Jail Work Center (JWC) facilities project. Based on the business plan, an additional \$5.6 million bond was issued in 1999 using revenue from the existing REET. The bond proceeds were used to complete the new JWC and retrofit the existing maximum-security jail facility with updated technology enabling the inmates to be supervised using fewer staff. The JWC facility was completed and operational in 2002. The JWC facility includes a centralized kitchen and laundry that in addition to serving the JWC, will be used for the existing maximum-security County Jail and expanded Juvenile Justice Center.

Space Needs

Clark County's need for additional office and judicial space has been a major concern for some time. In 1996, Clark County approved a seventh superior court judge, although there were no courtrooms or chambers for this judge. Since then, the county has added an eighth and ninth Superior Court judge, and one additional District Court judge. The reasons are:

- Clark County is the fastest growing county in the state.
- State Administrative Office of the Courts recommends 15 (superior court) judges for the county – six more than we have.
- The county has fewer judges per capita than any other county in the state.
- Clark County judges have a higher caseload than in any other county in the state.

The courts have struggled to obtain enough space to deploy the current compliment of judges. This is not for lack of effort. The court has borrowed the Franklin Center conference room on a weekly basis and even conducted hearings in judges' chambers. This had a direct impact on citizens:

- No Unified Family Court program where one full-time judge brings together dependency, juvenile issues, truancy, and parenting plans. This led to the same family dealing with domestic violence in one court and divorce in another.
- Domestic relations and civil cases had typically been delayed by higher priority criminal cases.
- Many of these cases are on their third or fourth trial-setting. This increases costs to litigants for trial preparation, and causes delays of several months each time a trial is reset.
- Low jury trial rate.

Several independent space studies showed that the best way to solve these problems was to dedicate the courthouse for the courts. In January of 2001 the Clark County Board of Commissioners approved the proposed Clark

County Campus Development Project. The Clark County Campus Development Project included improvements to existing buildings, construction of a new public service center, and construction of a parking structure, all on County-owned property at or adjacent to the courthouse. These improvements included:

1. Remodeling the Clark County Courthouse to provide new Superior Court courtrooms and to expand both the District Court and the County Clerk's office after vacating the Prosecutor's office housed within the courthouse -- \$3,422,000.
2. Remodeling Clark County's Franklin Center Building to house the Clark County Prosecutor's Office -- \$400,000.
3. Construction of a new Clark County Public Service Center for those departments displaced from the Courthouse and the Franklin Center, and for County departments currently leasing space outside the campus -- \$22,431,000.
4. Construction of a 510-space parking garage to replace current parking (400 spaces) that will be displaced by the Public Service Center -- \$5,261,000.
5. General site improvements to facilitate pedestrian traffic between the County buildings and to parking areas -- \$2,443,000.
6. Equipment and furnishings for all building projects -- \$3,049,000.
7. Architectural, permits, and developmental fees -- \$4,061,000.

The total project cost is approximately \$41,067,000.

Eighty percent of these costs will come from current lease expenses, rental income from the Dolle Building, parking fees, and interest earnings. The remaining 20 percent of costs will come from REET funds. This project is one of a few REET-eligible capital projects, and the only one that will generate savings instead of driving further costs.

The first phase (which included the parking garage and the impressive six-story Public Service Center) was completed at the end of 2002, and is now occupied. This new landmark in downtown Vancouver strategically locates more than 400 county employees in many different departments to provide easier access to the citizens of Clark County for a variety of services. The remodeling of the Courthouse and the Franklin Center was completed in 2003. This has allowed the Prosecuting Attorney's Office to be completely housed within the Franklin Center. For the first time in the 55-year history of the Court House, it is home only to courts. The remodel added four new court rooms, three with judicial chambers, a large jury assembly room, a small hearing room, and larger offices for both the Clerk and District Court Administrator.

- **Americans With Disabilities Act (ADA) Upgrades** - Federal ADA requirements have been projected to cost \$3.5 million over the five to seven years, from 1999 to 2006.

Technology Infrastructure

Information Services is an integral component of County government operations. The division of Information Services (IS), under the Office of Budget and Information Services (OBIS), provides leadership, planning, and direct technology services to all County departments. Additionally, by working together within an interlocal agreement framework, IS is able to provide quality, cost efficient hardware and software related services to the

City of Vancouver, County Regional Emergency Services Agency (CRESA), Clark County Fair Association, some fire departments and state agencies.

In the provision of comprehensive information technology services, IS implements custom systems, installs and maintains local and area wide networks, provides Internet and Intranet infrastructure, PC support, central computer operations, data administration, work flow analysis, and a centralized Help Desk. IS may become more of a regional technology provider through contracts or interlocal agreements with other municipalities in Clark County.

Clark County upgraded its' PC operating systems to Windows XP in 2004 to ensure it stays current with the rapid pace of PC productivity enhancements.

Revenue for these upgrades is recouped from the Technical Equipment Repair and Replacement (TER&R) rate charged to each department based on the number of PCs and laptops in the inventory. The budgeted rate for replacement costs in 2005/2006 is \$1,003 per PC.

The County has also been aggressively replacing legacy systems, some over 20 years old, to new state-of-the-art systems. The single largest project has been the replacement of all financial systems. The first phase, completed at the end of 2002, converted the General Ledger system to an Oracle based platform. The Human Resources/Payroll system will go live during early 2005, with the Assessor's/Treasurer's conversion set for 2005/2006.

General Infrastructure

The County faces a backlog of infrastructure needs -- roads, parks, water quality and flood control. Road Fund revenues have been reduced by annexations, parks acquisition and demands from private development. Important, or federally mandated water quality and flood control projects lack needed funding. The "concurrency mandates" under the Growth Management Act, and Clark County's expanding population contributes to the necessity of addressing burgeoning infrastructure needs. Solutions to these issues are, all too often, complex and controversial. Suggested solutions have included an additional gas tax, establishment of utility districts, and cutting services. Others suggest changing concurrency and land acquisition standards. The County Public Works department is primarily responsible for implementing the infrastructure program; in 2003/2004, there was over \$65.1 million budgeted for capital improvement projects. For 2005/2006, the budget has grown to \$94.4 million due to Phase III expansion of the Salmon Creek Waste Water Treatment Plant for \$40 million.

Staffing

In 2001/2002, the County adopted an FTE growth policy that limits FTE growth to 2% per annum. The 2003/2004 biennial budget further restricts FTE growth for new unfunded positions to zero. Exceptions include grant funded positions, Board of County Commissioners' requests, or consolidations. A net increase in staff across all funds, totaling 151.6 FTEs was approved in the 2003/2004 budget. The majority of the increase (128 FTEs) is attributed to the consolidation of the Southwest Washington Health District into the county as the Health Department. For 2005/2006,

one Superior Court Judge and one District Court Judge were added per BOCC direction due to nominal growth of General Fund revenues. Growth within all other departments across funds meets the established FTE growth policy.

Service Levels

Major programmatic enhancements funded in the 2005/2006 budget to support service improvements include:

- Maintained existing funding for Parks Maintenance to allow greater accessibility to all citizens of Clark County.
- An enhanced, collaborative Regional 911/ Dispatching System.
- Construction of a new Center for Community Health.
- New video arraignment and related law and justice operations.
- Continued funding for an Economic Development program via the “second” one-quarter percent Real Estate Excise Tax.

County Services Plan

Ultimately, it is the Board of County Commissioners who, through the budget and planning process, must balance limited fiscal resources with needs identified by the community, requirements of other elected officials, state and federal mandates, and their own values.

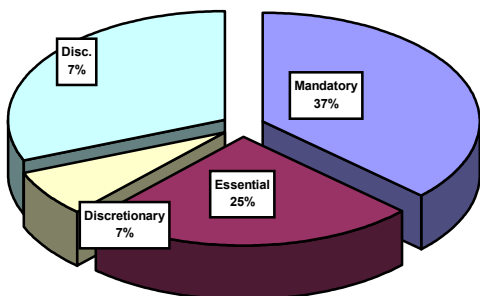
County expenditures are categorized as Mandatory or Mandated Services, Essential, Discretionary and Basic Support. Each category of expenditure can then be considered within the applicable scope of *Regional Multi-County*, *Regional Countywide*, *Local Urban*, *Local Rural*, or *Internal*. Used in concert, these interdependent approaches keep the County focused on primarily funding essential, mandated programs that are regional in nature.

Program Purpose

Programs and services fall into one of four Purpose categories:

- **Mandated Services** are those which are required by State or Local statutes. The Sheriff, as an example, is mandated to "hold prisoners."
- **Essential Services** are established to meet a critical public need. Such needs relate to community health and safety. Law enforcement and the Health District are examples.
- **Support Services** provide administrative, logistic, technical, or personnel support, to other local governments or internal departments.
- **Discretionary Services** are all other services that may be justifiable under a variety of circumstances. Examples of justification for these programs include: clear public need exists, there is no duplicate service provider, service can be controlled by the County, or the County is the most cost-effective provider.

2005/2006 Budget by Purpose



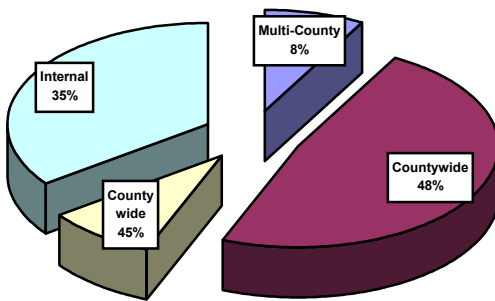
Budget Summary by Purpose			
Purpose	2001/2002 Actual	2003/2004 Actual	2005/2006 Budget
Mandated	240,563,660	292,040,041	288,111,656
Essential	147,318,801	164,725,590	199,250,290
Discretionary	23,248,761	38,888,033	56,107,974
Support	204,806,146	213,298,799	243,429,905
Total	615,937,368	708,952,463	786,924,546

Program Scope

Programs and services can also be described by their geographic scope. This is divided into five categories:

- **Multi-County** regional services are provided in cooperation with more than one county to areas inside and outside Clark County. The Health District and Drug Task Force are examples.
- **Countywide** regional services are those the County delivers to all its citizens, inside or outside of city limits. They provide equal service levels regardless of location in the community. Juvenile justice, property appraisal, and elections are examples of Mandated Regional Services. The County, in cooperation with cities, may take the lead in delivering non-mandated services countywide. This can ensure consistent standards, performance, or service delivery methods across jurisdictions. It may also provide coordination for critical services delivered in multiple jurisdictions like Emergency Communications (911), Emergency Services, and Medical Services.
- **Local** urban services are provided by cities in localized urban areas, at levels which may vary according to each jurisdiction. The County may function as a coordinating and planning body, or as the provider of some local services. Whereas *Local* rural services *are* delivered only to citizens in the unincorporated areas, at levels which are typically lower than those available in urban incorporated areas. Law enforcement, Parks and Roads are examples.
- **Internal** services and programs are delivered within a department or within the County organization, to support other programs. Most internal services are internal billings for services provided between departments.

2005/2006 Budget by Scope



Budget Summary by Scope			
Scope	2001/2002 Actual	2003/2004 Actual	2005/2006 Budget
Multi-County	40,355,790	67,349,254	64,572,611
Countywide	258,644,994	300,019,458	376,593,978
Local	83,030,777	101,368,249	73,943,401
Internal	233,905,807	240,215,502	271,789,835
Total	615,937,368	708,952,463	786,924,546

The Budget as a Reflection of Policy

What a county deems most important will govern the way it spends available funds. Policies reflecting the direction of Clark County, the breadth of its responsibilities, and its fiscal obligations are established by the Board of County Commissioners and other County elected officials. Within that context, the County will first fund mandated services and the indirect services necessary to support them. Mandated services are those direct services required by federal or state law.

The County next considers essential services, and the indirect services necessary to support them. Essential services are direct services necessary for community safety or health.

Discretionary services receive consideration after mandated and essential service levels are set. Discretionary services are warranted when there is clear public need and no other service provider exists.

In addition to the categories above, County policy places emphasis on the scope of services, with priority going to those programs that are regional in nature.

Objectives

The 2005/2006 budget is based on the Board of County Commissioners' policies and the plans of County departments. Plans to implement these policies all conform to the following overriding objectives:

Objective 1: To support the priorities of long-range and operational plans.

- The County continues to prioritize regional mandated and essential programs before considering discretionary services.
- The County pursues fiscally-responsible agreements to promote the interests of the citizens of Clark County.
- The County supports contracts to provide local urban services, for specified time periods, based on their full costs.

Objective 2: To ensure growth in programs is consistent with projected revenues.

- Most baseline budget increases are limited to allowance for salaries and benefits.
- The Board of County Commissioners considers budget adjustments only to the extent that reductions are made in other program areas or new revenues are approved.
- Adequate levels of matching and operating funds are adopted before grant funds are accepted.
- Reduce targeted programs when operating revenues are insufficient to meet operating expenses.

Objective 3: To maintain a stable and healthy financial foundation.

- Adequate reserves are maintained in all funds.
- Enterprise funds have adequate fee structures to fully support proposed budgets.

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- Fee structures are examined and modified to ensure that adequate fees cover increased costs of services, or services will be reduced.
 - Fee structures are examined and modified to ensure that services provided are, in the aggregate, commensurate with the fees that are charged.
 - The County implements its authority under SB6211 to charge cities for cost of misdemeanants.
 - The County encourages service agreements with municipalities that result in savings for the citizens.
 - Plan strategically for innovative ways of providing services more cost-effectively and efficiently.

Objective 4: To respond to critical service demands, and community priorities.

- Priority is given to budget adjustment requests that respond to the most critical increases in demand for services.
- Priority is given to budget adjustment requests that support multi-departmental functions.
- Recommendations are made for targeted reductions or for new revenues to support the most critical budget adjustment requests.
- Budget adjustment requests that mitigate staffing increases are encouraged including requests for new technology.
- Reduce local services that are provided by the respective cities due to annexations or incorporations.

Objective 5: To support the priorities of the Capital Improvement Plan.

- Transportation projects in the six-year Transportation Improvement Plan are funded, consistent with available revenues.
- Adequate reserves for major maintenance of all facilities are sustained.
- Capital projects older than three years are re-evaluated before carrying them forward into the 2005/2006 budget.

County Fiscal Policy

As outlined by the Revised Code of Washington (RCW), Clark County must follow all budgeted laws as set forth by RCW 36.40. Beyond these laws, the County also has internal Fiscal Policies first adopted by the Board of County Commissioners in 1982 and amended on August 2, 1994. Their purpose is to assist decision-makers by providing information and guidelines that should cumulatively ensure that Clark County continues to pursue a financially prudent course. These seventeen Fiscal Policies are maintained by the County Auditor, adhered to for all fiscal transactions, and amendable only by the Board of County Commissioners after public hearing.

Although neither the RCW nor County Fiscal Policies specifically address balanced budgets, the County continues to only adopt balanced budgets. Cognizant that some departments may have years when excess revenue or expenses occur, this will result in a change of that particular fund's balance. In those instances, during the budget process, an extra level of analysis is completed before authority is granted for use of or growth in fund balance. The Board of County Commissioners must then authorize such actions.

Below are listed each of the seventeen Fiscal Policies including any current events associated with a particular policy. Following Fiscal Policies is an edited version of some of the forty-three Financial Indicators the County tracks. Those chosen for inclusion are only those pertinent to budgets or the budgeting process. The indicators are divided into six categories: Revenues, Expenditures, Operating Position, Debt Structure and Leave Liabilities, Condition of Capital Assets, and Economic Base. Each trend is classified as “favorable”, “unfavorable”, or “mixed”. These aid in both the short-term and long-term development of the biennial budget. An example would be the fund liquidity of the Building & Code Fund. After a thorough analysis, the BOCC approved dramatic fee changes within this fund to better align revenues with costs, and thus bring the fund’s liquidity back into balance.

County-wide goals are found in the Strategic Planning section, while department goals and their current issues are found in the sections annotated by function.

POLICIES

Policy 1

The County shall calculate and compile financial indicators for each year. Any indicator showing an unfavorable trend shall be analyzed to determine why the change has occurred. The County Administrator is authorized to add or delete financial indicators to reflect the needs of the County and the availability of relevant information.

A condensed version of financial indicators is provided below.

Policy 2

Clark County shall annually forecast revenues and expenditures for the next three-to-five years for the General Fund and Road Fund. Forecasts should reflect the County’s multi-year capital improvement plans. Other funds should be forecast to the extent that they are material and can be reasonably predicted.

As part of the biennial budget process, the Budget Office forecasts the General Fund in detail and major changes to this base for an additional four years. Public Works staff includes expenditure forecasts for the Road Fund as part of the six-year transportation capital construction program and Conservation Futures funds for open space acquisition.

Policy 3

Clark County shall proactively seek citizen involvement in evaluations of services and service levels.

Clark County’s budget process furnishes extensive opportunities for citizen involvement in the evaluation of programs and the allocation of resources. Budget meeting notices are published in local newspapers and public hearings are held, at which time the BOCC seeks input from staff and citizens, as it considers and ultimately adopts the budget. A series of comprehensive discussions with each elected official or department head are completed to align department needs with available resources. The County also has numerous advisory boards that provide citizen evaluation

and advice on a continuous basis over many program areas. Additionally, the Office of Budget provides interested neighborhood associations with a workshop that explains the county's fiscal position, current budget, and future outlooks.

Policy 4

Clark County will accept State and Federal money to fund programs mandated by law; or programs established as a local priority after taking local contributions into account. The Board of County Commissioners approves grant-funded contracts. Most local match for grant-funded programs relate to infrastructure needs that are included in the County's Comprehensive Plan and the Six-Year Transportation Improvement Program.

Policy 5

Clark County will set charges for each enterprise fund (sewer, solid waste, etc.) at a level which supports the direct and overhead costs of the enterprise, primarily by fees, grants, or other sources consistent with the direction of the Board of County Commissioners.

Policy 6

Clark County will pursue a fair and equitable process for the collection of property tax and all other revenues, with the goal of minimizing delinquencies.

The percent collected has averaged 97% over the last five years.

Policy 7

Clark County management is required to comply with budgetary restrictions. A reporting system will be provided to help managers monitor and adhere to financial constraints.

The Auditor's Office monitors compliance with budgetary restrictions and provides departments with a variety of monthly reports to assist managers in controlling expenditures. The BOCC has consistently adopted only balanced budgets.

Policy 8

Clark County will provide for adequate maintenance of capital facilities and equipment, and for their orderly replacement, if necessary.

The County finances two revolving funds that provide for the maintenance, repair, and orderly replacement of heavy equipment, vehicles, and personal computers. In addition, the County has adopted long-term major maintenance programs for facilities and parks and has developed a long-term plan to replace various "legacy" information systems.

Policy 9

Clark County shall establish reserve funds to pay for needs caused by unforeseen events. Reserves shall be held to address the following circumstances: 1) Catastrophic reserves, to provide limited emergency

funds in the event of natural or manmade disasters;

2) Operational reserves, to provide additional funds for limited, unexpected service needs; 3) Liquidity reserves, to provide funds sufficient to insure smooth running of the County and pay current obligations; and 4) Capital reserves to facilitate the orderly replacement or acquisition of capital facilities and equipment. An amount equivalent to between six percent and ten percent of the General Fund operating budget shall be held in a separate reserve. Individual fund managers shall maintain reserves to address operational and liquidity needs for the funds under their control.

The County has established and funded a permanent reserve fund. At December 31, 2004, the balance in this reserve fund represented approximately \$6.045 million, or 5.38% of the General Fund operating expenditures and transfers. The 2005-2006 budget increases the permanent reserve by \$500,000 to meet this policy.

Policy 10

Capital improvements must be designed to provide sufficient benefits for the expected cost. Benefits can be economic or social values expressed in the Capital Improvement Plan, or can be based on a cost benefit analysis of all relevant costs.

Most capital expenditures are reflected in the County's Comprehensive Plan and the Six-Year Transportation Improvement Program. The economic and social values of these projects are expressed in these plans. Additional evaluation of capital improvements is performed at the departmental level and examined by the Budget Office. Formal cost/benefit analysis is not performed in all cases.

Policy 11

Clark County shall develop and adopt multi-year capital improvement plans to guide current and future major capital facility and equipment expenditures.

The capital facilities element of the Comprehensive Plan addresses infrastructure and utility needs and is augmented by more detailed plans such as the Six-Year Transportation Improvement Program and open space acquisition programs supporting the expenditure of Conservation Futures funds. Multi-year plans have been developed for parks as part of a package of impact fee and Real Estate Excise Tax (REET) increases adopted in 1996. Multi-year funding plans have been developed for equipment replacement at the CRESA building; capital facilities plans for law and justice (juvenile, work release, and courthouse, the Public Service Center, Exhibition Hall and the Center for Community Health.

Policy 12

Clark County will develop investment strategies to maximize return on investments while protecting the public's assets.

The County Treasurer performs various cash flow analyses to determine size and duration of investments; has established and implemented a local government investment pool to maximize buying power and flexibility; and has developed investment policies and standards to manage the County's portfolio.

Policy 13

The County shall restrict direct debt to the limit identified in Article 8, Section 6 of the Washington State Constitution. In addition, the County will be prudent when considering appropriate levels of debt, limiting debt service to the County's current and future ability to finance that service without diminishing core services. In recognition of the value of the County's ability to raise money at competitive rates, the County will also consider the impact of any new debt on future bond ratings. Biennial budget appropriations shall include debt service payments and reserve requirements identified in bond covenants for all outstanding debt.

Policy 14

Clark County recognizes that net direct debt service should be no more than ten percent (10%) of the operating revenues of the issuing fund and the General Fund combined.

Policy 15

Where possible, Clark County will use revenue or other self-supporting bonds instead of general obligation bonds except where significant interest differences become a primary consideration.

Policy 16

Clark County will not use long-term debt to finance current operations. Long-term borrowing will be confined to capital improvements or similar projects with an extended life which cannot be financed from current revenues.

Policy 17

Clark County will keep the maturity of general obligation bonds consistent with or less than the expected lifetime of the project, with a goal of amortizing at least an average of five percent (5%) of project costs per year. All future long-term debt will have prepayment options unless alternative debt structures are judged more advantageous to the County.

Financial Trends (excerpts)

General Fund. General Fund revenue has kept up with inflation and population growth. Increases in charges for services and non-property-based taxes, as well as a healthy growth environment, and restraint in increasing expenditures, have offset property tax losses due to Referendum 47 and Initiative 747. Both measures have cumulative effects that will lead to future reductions in property tax revenue as a percentage of total revenue, once growth stabilizes. *Rating: Favorable.*

Uncollected Property Taxes. Outstanding delinquent taxes continue to be low, and current tax collections rates (96.6% over the last five years) are strong. *Rating: Favorable.*

Given property tax collections account for 23.6% of all revenue, the ability to collect this tax is a telling indicator of how dependent the county may be on this source.

Employees per 1,000 Capita. The number of budgeted Full Time Equivalent (FTE) employees per 1,000 capita within Clark County is seen as a measure of customer service as well as a check on growing too large as an organization. The number of FTE per capita in 2003 was 4.22 (excluding the addition of the Health Department), nearly the same as 4.23 in 2002. This number has remained fairly constant over the past ten years, ranging from 4.08 to 4.32. *Rating: Favorable.*

Personnel Expenditures. Personnel expenditures are the largest part of the County's budget, averaging about 39% of the County's total operating expenditures over the past five years. These costs have been fairly consistent with an average increase of 7.5% per year from 1998 through 2002. Excluding the addition of the Health Department in 2003, the increase from 2002 to 2003 was 6.5%. During the last five years, the average increase per year per capita, adjusted for inflation was 1.7%. The increases reflect staffing increases, cost of living adjustments, and rising costs of health insurance. *Rating: Favorable.*

Employee Benefit Costs. Actual benefit costs, including vacation and sick leave pay, have doubled since 1994, but have increased only slightly as a percentage of salary and wages over the same time period (47% in 1994 to 51% in 2003). Over the last five years, the average annual increase in benefits cost per capita, adjusted for inflation is 4% excluding the Health Department. This trend will need watching in the future, as both insurance premiums and the employers' portion of retirement benefits is slated to increase. *Rating: Mixed.*

The Budget Process

Legal Framework

State law establishes the general requirements of Clark County's budget process. State budget law (RCW 36.40) requires the County Auditor to initiate the budget process on or before the second Monday in July, by requesting budget estimates for the ensuing year from each County department. By statute, the estimates must be filed on or before the second Monday in August. The Auditor is required to present a compilation of these estimates, including revenue projections, to the Board of Commissioners on or before the first Tuesday in September. A compilation of submissions is then prepared, and copies are made available to the public. The Board of Commissioners must schedule a hearing on the budget for the first Monday in October or, if the Board so chooses, the first Monday in December. (If the hearing is scheduled in December, the Board may change the other dates in the process accordingly.) The budget hearing may be continued from day-to-day for no more than five days. At the conclusion of the hearing, the Board of Commissioners adopts the budget.

The Biennial Budget

The Biennial Budget is produced in five phases.

- **Phase 1 – Office of Budget Distributed** A baseline budget is developed in the Budget Office using the prior biennium's actuals, after making any known changes to controllable expenses, or items

are removed for any known department reductions. This document is then submitted to departments for their review.

- **Phase 2 – The Submitted Budget** The submitted budget is a summary of department requests for resources to support their service requirements. It includes all budget adjustments requesting changed levels of resources. It is developed and reported at a line item level of detail with summaries at programmatic, departmental, and functional levels.
- **Phase 3 – Department Request** During this step, the Budget Office continues their work with individual departments to prioritize needs with available revenue. Elected officials are offered an opportunity to communicate directly with BOCC concerning their priorities as well as those of the county.
- **Phase 4 – The Recommended Budget** This is the submission of the County Administrator's budget recommendations to the Board of County Commissioners. This is a balanced budget that prioritizes approval of budget adjustment requests based on the above criteria and is summarized at the program level.
- **Phase 5 – The Adopted Budget** The adopted budget is approved by the Board of County Commissioners. It is adopted at the fund and department level.

Community Involvement

The Board of Commissioners has established specific objectives for community involvement. These include:

- To use a variety of informational techniques that help increase the community understanding of Clark County government and services.
- To continue public opportunities for meaningful input to our planning and budget process.
- To create opportunities for active involvement, in order to increase collaboration with some decisions.
- To create opportunities for consensus decisions with some programs or initiatives.

In implementing these directives, County management pursued the following as a part of the 2005/2006 budget process:

- Public meetings with elected officials and heads of departments.
- Staff completed briefings to local newspapers regarding the recommended budget and process.
- The Administrator's *2005/2006 Recommended Budget* was distributed in November.
- A public meeting with elected officials and the Board of Commissioners was open to the community and televised.
- Public hearings were conducted for citizens to address the Board directly.

2005/2006 Budget Responsibilities

The Office of Budget and Information Services is responsible for the budget process. This office was formed through a cooperative agreement between the Clark County Auditor and the Board of Commissioners. Until it was formed, the annual budget process was administered by the Auditor's Office.

The Auditor retains overall responsibility and authority as the Chief Financial Officer of the County. The Auditor also complies with the basic legal requirements relating to budget responsibilities.

Elected officials and department directors are responsible for preparing and submitting their budget requests to the OBIS according to a published schedule. Officials have the opportunity to explain their budget requests to the County Administrator prior to publishing the recommended budget. Additionally, officials have discretion to address the Board of Commissioners during the public hearing process. After budget adoption, officials are required by law to maintain spending within the limits of the adopted budget.

Budget Amendments

Over the course of the fiscal period, due to unforeseen issues, it is sometimes necessary to request additional budget expenditure authority. Requests to amend the budget are submitted to the County Administrator for review prior to being presented to the Board for approval. Supplemental appropriations, which change departmental budgets, require a public hearing prior to approval. Notice of the supplemental appropriation hearings are advertised for two weeks prior to the hearing. At the hearing, members of the public may testify regarding the supplemental appropriation. At the conclusion of the hearing, the Board votes to approve or disapprove the supplemental appropriation.

Budget transfers, which shift funds within a department's budget, may be approved by the County Administrator throughout the year upon the presentation of the request.

Budget Schedule

The following table displays the general timing of planning and budget activities as administered by the OBIS.

Budget Schedule	
Activity	Timing
Year 1	
Load current biennium budget to general ledger	Early January
Write and publish annual budget document for current biennium	January through March
Capital Carryforward and Omnibus supplementals	February through March
Forecast revenues	March through July
Perform longrange planning activities for next period's budget	June through September
Assess community priorities	May through October
Preparation for biennial budget readoption supplemental	September through November
Public hearing on readoption of biennial budget adoption by BOCC	Tuesday of first full week of Dec.
Year 2	
Updating and monitoring of performance measures	January through March
Financial forecasting and planning	March through July
Calculate baseline budgets	July
Train departments for new budget	July
Assist departments with budget development	July to mid-September
Elected officials meet with BOCC for budget planning	Mid-August
Departments submit budget requests	Mid-September
Publish budgets submitted by departments	Early to mid-October
Departments meet with budget office re: submitted budgets	Mid- to late October
Recommended Budget to Board	Mid-November
Publish Recommended Budget	Mid-November
Elected officials and Dept Heads meet with BOCC re: Recommended Budget	Mid- to late November
Public hearings and budget adoption by BOCC	First full week of December
Publish adopted line item budget	Late December

GFOA Award

The Government Finance Officers Association of the United States and Canada (GFOA) gave the ***Clark County 2003/2004 Biennial Budget*** document an award for *Distinguished Presentation*. The award is valid for a period of one year only. We believe our current budget continues to conform to program requirements, and we are submitting the ***Clark County 2005/2006 Biennial Budget*** to GFOA to determine its eligibility for another award.



GOVERNMENT FINANCE OFFICERS ASSOCIATION

*Distinguished
Budget Presentation
Award*

PRESENTED TO

**Clark County
Washington**

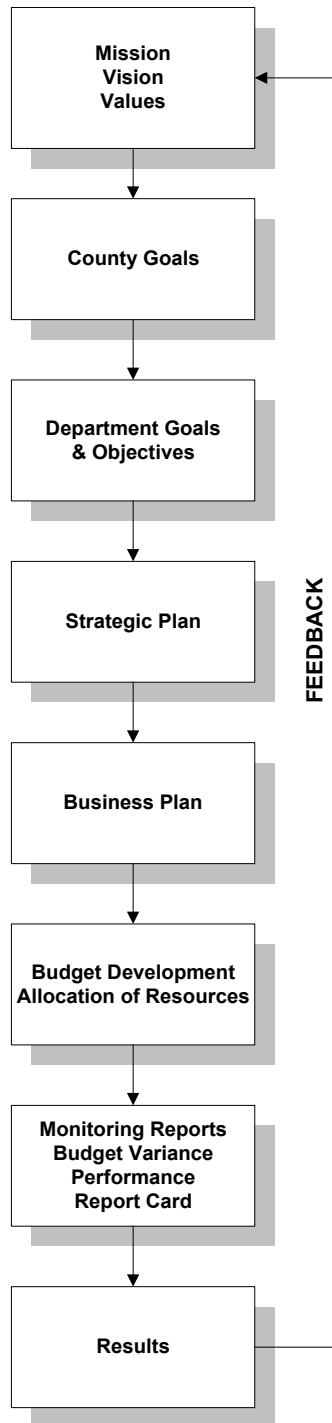
For the Biennium Beginning

January 1, 2003

President

Executive Director

Measuring Performance



“How are we doing?” and “how do we know how well we are doing” are questions County departments periodically ask themselves. In response, the Office of Budget and Information Services has been leading an initiative to develop management reporting tools to answer these very questions. The creation of a *performance measurement management system* was introduced during the 1997 budgetary process.

The Performance Measurement Plan

The results of an organization’s efforts, and the measurement of those results, are integral elements of a successful planning cycle. Measurement of performance and consideration of results occurs at the individual department and program levels. The process involves comparison of expected to actual performance. Clark County is currently revisiting its *Mission*; its *Vision* of future desired state; and a description of what is important, its *Values*; major aspects of the planning cycle. These drive County-wide and department-specific goals, objectives, strategic and business plans, budget development and monitoring, via result-based performance measures. Feedback or outcomes then become part of the cyclical nature of this process.

Clark County has identified the following elements in its performance management system relative to most departments’ programs. These are customized by program to support department goals. The actual performance measures are listed by specific department programs in the Function section.

- **Demand Indicators** - quantifiable items driving a department’s volume of work; e.g., number of service requests, number of applications received.
- **Workload Measures** - output measures of the amount of work performed or the amount of services delivered.
- **Efficiency Measures** – a measure of the relationship between work performed and resources required performing them.

Performance Measures

Elements being considered as part of the 2005/2006 biennial budget and planning process fall within these categories:

- **Efficiency Measures** - further development and refinement of measures that identify the relationship between works performed and the resources required performing them.
- **Outcome Measures** - measures the effectiveness of outputs.

Evaluation

The ultimate objective in our *performance measurement management system* is to provide a mechanism to aid management and staff in their effort to achieve results. This is a report card that provides county government information about the results of its activities. Over time, systematic evaluations provide trend information on certain results-based indicators that impact County citizens.